



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 9/21/2001

GAIN Report #MO1018

Morocco

Exporter Guide

Annual

2001

Approved by:

Merritt Chesley

U.S. Embassy, Rabat, Morocco

Prepared by:

Aziz Abdelali

Report Highlights:

In spite of Morocco being primarily a bulk market, there are windows of opportunities for U.S. consumer oriented food products. The rapid development of distribution channels and the steady expansion of the western-minded middle class make this market appealing to exporters of high value products.

Includes PSD changes: No

Includes Trade Matrix: No

Annual Report

Rabat [MO1], MO

SECTION I. MARKET OVERVIEW

Located in the North-Western corner of Africa, the Kingdom of Morocco is only few miles away from Europe. The country's 3,500 kilometers Mediterranean and Atlantic coast lines makes fishery a major component in the Moroccan economy. Agriculture accounts for up to one fifth of the gross domestic product and consists of a traditional rainfall-dependent sector as well as modern export-oriented production. Morocco has the largest world phosphate reserves and is currently exporting several high value phosphate derivatives.

Remittances from over 1 million Moroccans working abroad (in Europe) and revenues from over 2 million tourists visiting Morocco each year largely offset the negative trade balance. Foreign exchange reserves reached the highest level in years but has dropped this year mainly because of high oil prices and high grains imports caused by the drought. Currently at over \$5.2 billion, the exchange reserve represents the equivalent of over 5 months of Moroccan imports.

Current Economic Situation: Morocco's economic growth fluctuates heavily with agricultural output which is largely determined by rainfall. Growth has varied from 11 percent to minus 1 percent largely because of the lack of rainfall. About 90 percent of the Moroccan agriculture depends more or less on rainfall. In 2000/2001, Morocco experienced its third consecutive drought year which is expected to impact, again, heavily on the economic growth. Inflation has been low for the last 10 years and is expected to be about 1.9 percent in 2000 mainly because of the increase in world oil prices. Employment is on the top of the Government priority list as the unemployment rate is over 20 percent in urban areas.

Banking System: The banking system is well developed and most banks are private and have correspondent banks in Europe and in the U.S. Foreign currencies are readily available to importers upon presentation of appropriate import documents. Although the use of Letters of Credit is common, many importers prefer to shift to use of payments against documents after the first few operations. Advance payments are prohibited by the current exchange regulations. Importers have free access to foreign currency.

Morocco has been liberalizing its economy and trade. There is little government involvement in imports and processing of food products, especially consumer-oriented products. Recently, the GOM phased out the subsidy for vegetable oil but it is still heavily subsidizing sugar and some wheat flour at the retail level to make them accessible to the low income population. Prices of virtually all consumer oriented products are market determined.

Key Demographic Development: Morocco's population is about 30 million, of which half live in the rural areas. Also, about 55 percent of the population is less than 25 years old. The middle class is steadily increasing and the family size is becoming smaller (average of 3-4 children). The illiteracy rate is over 55 percent and is much higher in the rural areas. Islam is the prevailing religion. Arabic is the prevailing language and while Moroccans understand classical Arabic, they use mostly the local dialect that classical Arabic speakers may find hard to understand. French is the business language.

For the most part, Moroccan home cooking remains traditional, but change is coming, especially

in large cities where there is a tendency for young families to adopt the western lifestyle. The number of women working outside the home is steadily increasing, which results in higher income for the family but also forces its members, when they can afford it, to turn to ready-for-use or semi-processed products instead of traditional, time-consuming, home-made products. This is particularly true in large cities such as Casablanca, Rabat, Marrakech, Fes, Agadir, and Tanger where distribution channels have shown in recent years a rapid development. Today, local producers and importers of consumer-oriented food products are able to deliver many new products to consumers under good conditions.

Consumer Spending: The bulk of the demand for consumer-oriented food products comes from the large cities where population with higher income lives. It has been estimated that about 10 percent of the population, 3 million, can afford to buy imported products and do spend nearly 11 times more than the 10 percent of the population with the lowest income.

Advantages	Challenges
American products are synonymous with quality in many cases.	Geographical disadvantage. Spain is few miles from Morocco. High U.S. shipping costs.
FAS/USDA offers free trade servicing to exporters visiting Morocco.	No Direct shipping lines. Transit through Europe is necessary.
Local production fluctuates widely with the weather which makes Morocco dependent on imports.	French continues to be the predominant business language.
Many high value food products are not known to the Moroccan consumer, which means there is room for many new products.	Many products that are common in the U.S. are not known in Morocco and need to be promoted.
The local food processing industry is upgrading and becoming more quality conscious.	Limited Purchasing Power. An estimated 10 percent of the population (3 million) is able to buy regularly imported products.
Increasing middle class. Increasing number of women working outside home.	Traditional distribution networks are still predominant for many food products.
Western culture driven youth.	High customs duties and taxes on imported food products.
	Lack of knowledge about U.S. industry, standards, and grades.
	Appreciation of the U.S. dollar and depreciation of the Euro.
	Moroccan importers traditionally do business through European brokers and traders.

SECTION II. EXPORTER BUSINESS TIPS

- G** Most of the importers are located in Casablanca and imports by containers are mostly done through the port of Casablanca.

- G** For food standards and regulations see the Attache report: Food and Agricultural Imports Regulation and Standards Report (FAIRS), MO1015 at: www.fas.usda.gov
- G** To clear customs, importers are required to present a sanitary certificate for all food products they import. A local laboratory analysis done by Official Laboratories may also be required to clear customs especially for newly imported products.
- G** Often Moroccan importers are not familiar with products that are common in the U.S.. Also, many importers are not used to use U.S. grades, standards, and U.S. appellations. Exporters are advised to provide pictures, brochures, or even samples to Moroccan importers. Many local importers require samples before making any purchase commitments.
- G** Moroccans use only metric system for measurement.
- G** Although an increasing number of Moroccan importers can communicate in English, French is still the predominant business language. Exporters with French capabilities or French written promotional materials will definitely have an advantage in dealing with importers.
- G** Imports and distribution of food and beverage products in Morocco are handled both by regular importers but also by importers who work on an occasional basis. Regular importers market their products through their own sales force (typically to hotels, supermarkets, wholesalers) and through independent well-established wholesalers (in case of small shops, restaurants). U.S. exporters interested in selling consumer-ready food or beverage products should find a local importer to access the retail market. Importers normally have in depth knowledge of specific importing procedure
- G** Telecommunications are generally adequate. Internet and Email are available in most hotels and increasingly in "Cyber Coffee" shops throughout the large cities. Phone calls from hotels can be excessively expensive.
- G** The holy month of Ramadan is not a holiday but business slows down significantly because Muslims fast during the day. Most restaurants close during this month, alcohol is not served and people are not allowed to smoke during the day. Exporters should try to concentrate their meetings in the morning. Surprisingly, consumption of some products (such as honey, sugar, butter, vegetable oil, dairy products, etc.) Increases during Ramadan. This year, Ramadan starts November 17.
- G** Customs duties: Typically, imported food goods are subject to an ad valorem customs duty of 50 percent, a 0.25 percent ad valorem Export Promotion Tax, and in most cases a Value Added Tax (VAT) computed on top (from 0-20 percent).
As an example, a typical consumer-oriented product is subject to the following when imported into Morocco:
If the original value CIF & port charges is 100.00 dirhams

Ad valorem customs duty (CD)	50.00 percent
Value after import taxes (CD and PFI)	150.00 dirhams
VAT at 20% of 150 dh	30.00 dirhams
Total after customs duties and taxes	180.00 dirhams
Export Promotion Tax (0.25%)	0.25 dirhams
Final value (all taxes and duties paid)	180.25 dirhams

SECTION II. MARKET SECTOR STRUCTURE AND TRENDS

The limiting factor to the increase in demand for consumer-oriented products is the low income combined with the high duties on imported food products.

In spite of the major changes in distribution channels over the last few years, the retail food outlets in Morocco continue to be dominated by a large number of small grocery stores. It has been estimated that 90 percent of the food retail stores are less than 225 square feet large. The number of supermarkets has increased considerably in recent years and more are under construction, especially in large cities. Today, in addition to the estimated 170 small supermarkets (2 registers, 1000 ft²-3500 ft²) there are about 38 large supermarkets of which 12 are large and comparable to large supermarkets in the U.S. All supermarkets are privately owned and some have been opened by multinational chains. Also over the last few years a number of modern self-service retail outlets, including convenience stores, opened in major cities and this trend is likely to continue in the future.

Moroccans are regularly exposed to western culture in their daily life, especially through television (an estimated 1 million TV satellite dishes). Thus, the steady western influence on Moroccan lifestyles is expected to result in even higher demand for consumer oriented products in the future.

U.S. exports of consumer-oriented products will continue to be dampened by the high freight costs and length of shipping time resulting from the lack of direct shipping lines between Morocco and the U.S.. The small size of the Moroccan market can be partly circumvented through consolidated shipments from the U.S. but it will continue to favor small shipments from neighboring countries (Europe).

The Moroccan food industry is dominated by a large number of small family enterprises that average less than 50 employees. The government still owns some food processing units such as sugar processing mills, tobacco processing plants, and alcoholic beverages manufacturers. Exports of the food industry are mostly canned fruit, canned vegetables, and canned fish.

High Value Products for Food Processing Sector: The U.S. has a greater potential to export semi-finished products and products for industrial uses such as milk powder, cheese, processed nuts, and other ingredients. As local producers are becoming more quality conscious, U.S. suppliers can play a major role in fulfilling the demand for regular quality products. Most of the food processors purchase their ingredients from well-established importers or from local agents of multinationals. Very few large processors purchase their ingredients directly from exporters

abroad. Thus, U.S. exporters are advised to go through local suppliers of ingredients to be able to use their distribution network. The local industry is committed to develop further in the future to resist stiffer competition. Many local producers (biscuit plants, confectioneries, canneries, etc.) started offering a new range of products to maintain their market share and compete with imported products.

High Value Products for Hotels, Restaurants, and Institutional (HRI): Although there are over 550 graded hotels in Morocco, the potential market for the U.S. consumer oriented products consists essentially of 40 upscale hotels (5 stars) concentrated mostly in Agadir, Marrakech, Casablanca, Rabat, and Fes, about 25 tourist villages and clubs, and over 103 hotels graded as 4 stars. Other hotels target lower income customers and don't offer regularly imported food and beverages to their clients. Most of the over 2 million tourists are European or American. Most hotels purchase their food products from local distributors that are also in some cases importers. U.S. suppliers should try to work with these distributors to enter this market as hotels and hotel chains managements are rarely willing to get involved in import operations because of the small volume involved.

In addition to the Moroccan, Asian, and other specialty restaurants, there are less than 150 Western-style restaurants in Morocco that do or may potentially use imported products on a regular basis. Most of these restaurants buy directly from local distributors/importers because of the low volume involved. U.S. exporters are strongly encouraged to go through the established importers that have their sales force.

Export of Seafood Products to Morocco: Although Morocco is a net exporter of fish products (over \$600), there is a window for some U.S. seafood products. The demand should come mostly from the upper class hotels and restaurants located in major cities. The per capita consumption of fish is low in Morocco and consists mostly in fresh low priced pelagic species such as sardines. Inadequate distribution channels have been a major limiting factor to increased fish consumption. Thus, few importers have appropriate facilities and refrigerated trucks to supply frozen food to supermarkets. Also, few supermarkets have equipment to handle and exhibit frozen or refrigerated fish. Finally, it is estimated that only 38 percent of the Moroccan families have refrigerators.

New exporters are advised to work closely with already established frozen food importers that are also distributors to use their distribution network and experience. The volume of seafood used by the hotels and restaurants remains relatively small and thus it is still more beneficial for them to purchase from the local distributors. U.S. suppliers can work closely with the local distributor to carry on promotional activities in selected hotels, restaurants, and supermarkets.

Fast Food - Franchising: American fast-food outlets have been some of the most successful businesses in Morocco in recent years. For example, McDonald's, Pizza Hut, Domino's Pizza, Kentucky Fried Chicken, Schlotzsky Deli, and Dairy Queen, have all opened during the past 5 years. More outlets are scheduled to open in the near future in response to the higher demand for quality, "western type" food. The rapid growth in the sector stems from major economic changes

in Morocco, including economic growth, higher disposable income, and the increased number of women working outside homes. The development of U.S. fast food outlets in Morocco has resulted in an increase of imports of food ingredients, including from the U.S., that the local industry is unable to provide on a regular basis.

SECTION IV. BEST HIGH VALUE PRODUCT PROSPECTS

- Pulses (lentils, peas, chickpeas)
- Dried fruits (Dried Prunes, Dried Raisins)
- Dried Nuts (Almonds, Pistachios)
- Canned vegetables (especially canned corn, Canned)
- Canned Fruit (especially tropical)
- Non Salted Butter
- Skimmed Milk Powder
- Apples and Pears
- Beef Carcasses (Bone in, Frozen, Halal, Beef)
- Popcorn
- Confectionary
- Honey (Especially during the Holly Month of Ramadan)
- Wine and Beer
- Cereal derivatives
- Sauces & Condiments

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

The Office of Agricultural Affairs at the American Embassy in Rabat provides trade servicing and information about the Moroccan market. The free service provided by this office includes providing market briefings, market tours, lists of importers, setting up agendas and meetings, hotel reservations, and in some cases providing translations and transportation.

U.S. Embassy / USDA-Foreign Agricultural Service Contacts:

<i>Merritt CHESLEY</i> , Agricultural Attaché	Email:AgRabat@fas.usda.gov
<i>Aziz ABDELALI</i> , Agricultural Specialist	Email:AbdelaliA@fas.usda.gov
Phone: (212-3) 776-2265	Fax:(212-3) 776-5493
US Address: American Embassy, Rabat - PSC 74, Box 002, APO AE 09718	
Local Address: 2, Avenue Ahmed El Fassi, Rabat, Morocco	
Working hours: 8:30-5:30pm Greenwich Mean Time (GMT). Monday-Friday	

Local Contacts:

Mr. Abderrahman HILALI, Head of Plant Protection, Food Control
Directeur, Protection Vegetaux, Control Technique et Repression des Fraudes
Ministere de l'Agriculture et du Developpement Rural
Station Dbagh, Avenue Hassan II, B.P. 1308, Rabat, Morocco
Phone: (212-3) 729-7543/729-7545 Fax: (212-3) 729-7544

Email: ahilali@iam.ne.ma

MINISTRY OF AGRICULTURE, PLANT PROTECTION, FOOD REGULATION

Mr. Ahmed SBIHI, Head of Livestock Division

Ministere de l'Agriculture, du Developpement Rural

Quartier Administratif, Chellah, Rabat, Morocco

Phone: (212-3)776-5077

Fax:(212-3)776-4404

Email: demamv@mtds.com

MINISTRY OF AGRICULTURE, ANIMAL HEALTH & SANITARY REGULATION

M. Abderrazak MOSSADAK, Director

Ministere de l'Economie et des Finances - Direction des Douanes

Hay Riad, Rabat, Morocco

Phone: (212-3) 771-7800/771-7801

Fax:(212-3) 771-7814/771-7515

Website: <http://www.douane.gov.ma>

CUSTOMS OFFICE, TAX, CUSTOMS DUTIES

Office des Foires et des Expositions de Casablanca(OFEC)

Phone: (212-2)265098/222813

Fax:(212-2)264949

11, Rue Jule Mauraan, Casablanca, Morocco

Email: foire@ofec.co.ma

FAIR, SHOWS, FOOD SHOWS

HOTELS

Hotel Sheraton-Casablanca

Avenue des F.A.R., Casablanca, Morocco

Tel.: (212-2) 231-7878/243-9494

Fax:(212-2) 231-5136/231-5137

Hyatt Regency-Casablanca

Avenue Hassan II, Casablanca, Morocco

Phone:(212-2) 226-1234

Fax:(212-2)220-4446

Hotel Royal El Mansour

Phone:(212-2) 231-2112

Fax:(212-2)231-4818

Avenue des F.A.R., Casablanca, Morocco

Holiday Inn Crown Plaza

Avenue Hassan II, Casablanca, Morocco

Phone:(212-2) 229-4949/229-3434

Fax:(212-2)229-3029/229-3035

FOOD & AGRICULTURAL FAIRS:

AMERICAN CAFÉ: Exhibition of U.S. high value food products sponsored by USDA and organized at one of the best hotels in Casablanca. Very targeted audience that

consists of importers, food brokers, distributors, hotel and restaurant managers, suppliers of institutions, etc. The Agricultural Affairs Office organizes in conjunction with this exhibition a market tour for U.S. exporters. For more information call the Agricultural Attache's Office in Rabat (212-3) 770-1135 or Email: AgRabat@fas.usda.gov

' **SAM SHOW:** March 14-17, 2002. Currently the best food show in Morocco.

' **AGRIMAROC:** Agriculture Show. Held during the fall of even years (e.g., September 2002). Ideal for agricultural inputs, including cattle, planting seeds, and machinery.

WORK DAYS / HOURS

' Working days in Morocco are Monday through Friday.

' Morocco is on Greenwich Mean Time (GMT).

' Typically, working hours are 8:30-12:00 and 2:30pm-6:30pm. On Fridays (the prayer day), administration and some private companies working hours are: 8:30-11:30 and 3:00pm-6:30pm.

' Visits during August should be avoided because many businesses close for vacation.

HOLIDAYS

' Religious holidays follow the lunar calendar and thus move back 11 days every calendar year.

' Below are Moroccan holidays for the coming year:

December 17/18, 2001	Aid El Fitr (End of the holy month of Ramadan)
February 23, 2002	Aid Al Adha (Feast of Lamb/Pilgrimage)
March 15, 2002	Moharem (First Moslem New Year)
May 1 st , 2002	Moroccan Labor Day
May 24, 2002	Aid Al Mouloud (Prophet's birthday)
July 30, 2002	Feast of the Throne
August 21 st , 2002	Youth Day (King's Birthday)
November 6, 2002	Green Marche Anniversary
November 18, 2002	Moroccan Independence Day
December 8, 2002	Aid El Fitr (End of the holly month of Ramadan)

Table A. KEY TRADE & DEMOGRAPHIC INFORMATION

Agricultural Imports From All Countries (\$Mil.) / U.S. Market Share (%)	1,699	12%
Consumer Food Imports From All Countries (\$Mil.)/US Market Share(%)	166	3%
Edible Fishery Imports From All Countries (\$Mil.)/US Market Share (%)	9	1%
Total Population (Millions) / Annual Growth Rate (%)	32	2.1%
Urban Population (Millions) / Annual Growth Rate (%)	16	2.5%
Number of Major Metropolitan Areas ^(a)	11	
Size of the Middle Class ^(b) (Millions) / Growth Rate (%) ^(b)	3.0	2.0%
Per Capita Gross Domestic Products (\$U.S.)	\$1,150	
Unemployment Rate (%)	20%	
Per Capita Food Expenditures (\$U.S.) ^(c)	\$320	
Percent of Female Population Employed	25%	
Exchange Rate (US \$1 is:)	11.35 dirhams	

(a) Population in Excess of 500,000

(b) Estimated Population than can regularly purchase imported food products.

(c) AgAtt Estimates.

Table B. Consumer Food & Edible Fishery Product Imports

Morocco Imports (Millions of Dollars)									
	From All Origins			From the US			US Market Share (Percent)		
	1997	1998	1999	1997	1998	1999	1997	1998	1999
CONSUMER-ORIENTED TOTAL	174	180	166	7	5	4	4	3	3
Snack Foods (Excl. Nuts)	6	6	6	1	1	1	2	1	1
Breakfast Cereals & Pancake Mix	1	1	1	1	1	1	2	1	7
Red Meats, Fresh/Chilled/Frozen	14	6	1	1	1	1	0	0	2
Red Meats, Prepared/Preserved	1	1	1	1	1	1	11	10	6
Poultry Meat	1	2	2	1	1	1	2	1	2
Dairy Products (Excl. Cheese)	56	65	49	4	1	1	7	1	2
Cheese	6	9	7	1	1	1	4	1	0
Eggs & Products	1	1	2	1	1	1	3	6	1
Fresh Fruit	5	6	10	0	0	1	0	0	0
Fresh Vegetables	14	16	17	0	0	1	0	0	0
Processed Fruit & Vegetables	9	10	10	1	1	1	5	12	15
Fruit & Vegetable Juices	4	3	3	1	1	1	1	0	1
Tree Nuts	2	2	2	1	1	1	1	2	5
Wine & Beer	8	5	7	1	1	1	8	18	10
Nursery Products & Cut Flowers	6	7	7	1	1	1	1	8	5
Pet Foods (Dog & Cat Food)	1	1	1	1	1	0	3	2	0
Other Consumer-Oriented Products	38	39	38	1	1	1	3	4	1
FISH & SEAFOOD PRODUCTS	7	12	9	0	1	1	0	0	1
Salmon	1	1	1	0	0	0	0	0	0
Surimi	1	0	1	0	0	0	0	0	0
Crustaceans	1	4	3	0	0	0	0	0	0
Groundfish & Flatfish	1	1	1	0	0	0	0	0	0
Molluscs	1	1	1	0	0	0	0	0	0
Other Fishery Products	6	7	5	0	1	1	0	0	1
TOTAL AGRIC. PROD. IMP.	1,395	1,518	1,474	212	168	209	15	11	14
AGRIC.FISH & FORESTRY TOT.	1,615	1,729	1,699	212	169	209	13	10	12

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

Table C. Top 15 Suppliers of Consumer Food & Edible Fishery Products

Morocco (Values in \$1000)								
Consumer Oriented Ag.Products					Fish & Seafood Products			
	1997	1998	1999			1997	1998	1999
United States	6,548	5,174	4,422		United States	0	29	63
France	40,483	42,732	35,602		Spain	4,884	6,544	4,497
New Zealand	27,683	22,147	21,294		Netherlands	4	3,370	2,125
Spain	18,735	17,388	19,034		France	356	905	779
Netherlands	11,532	13,947	14,293		Belgium	0	0	481
United Kingdom	4,677	5,861	5,912		Norway	17	44	115
Australia	3,720	11,549	5,531		Belize	0	54	112
Italy	2,680	3,110	4,883		China	0	0	89
Germany	6,636	8,713	4,602		Argentina	644	279	86
Tunisia	3,704	4,875	4,541		Italy	25	130	81
Denmark	4,007	4,485	4,365		Chile	56	0	71
Ireland	3,019	4,482	4,167		Thailand	0	25	50
Belgium	0	0	3,310		Cuba	0	8	43
China	3,037	2,089	2,977		Honduras	0	0	34
Costa Rica	1,436	994	2,596		Iran	33	16	33
Other	36,072	31,980	27,992		Other	1,352	631	53
World	173,970	179,532	165,518		World	7,369	12,035	8,715

Source: United Nations Statistics Division